

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7814**

**BILL NUMBER: SB 500**

**DATE PREPARED:** Jan 15, 2001

**BILL AMENDED:**

**SUBJECT:** Insurance Coverage for Certain Medical Procedures.

**FISCAL ANALYST:** Jim Landers

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**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill requires coverage under a state employee health benefit plan, a policy of accident and sickness insurance, and a health maintenance organization (HMO) contract for the costs of examinations and laboratory tests for the following health risks: (1) Osteoporosis; (2) High cholesterol; and (3) Cervical cancer. The bill also requires coverage under a state employee health benefit plan, a policy of accident and sickness insurance, and a health maintenance organization contract for inpatient care ordered by the treating physician of the covered individual, insured, or enrollee following a mastectomy.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This bill potentially could increase the premium cost incurred by the state in providing health insurance benefits to state employees.

The bill requires the state employee health plans, group health insurance policies, and HMO contracts to cover the following: (1) Screening and examinations, and laboratory tests for cervical cancer, osteoporosis, and high cholesterol; and (2) inpatient care ordered by the treating physician following a mastectomy. The bill prohibits any deductible, copayment, out of pocket expenses, or coinsurance in connection with the coverage to exceed the same for similar benefits. (Note: With respect to required coverage of inpatient care after a mastectomy under group health insurance policies, the bill prohibits altogether a copayment, deductible, out of pocket expense, or coinsurance in connection with such coverage.)

The requirements as they apply generally to group health insurance policies and HMO contracts, and as they apply specifically to the state employee health plans, could have an impact on future costs faced by health plans providing health benefits to state employees. These additional costs would presumably be passed through to the state and state employees via higher premiums and enrollment fees. The extent to which the required coverages would actually impact premiums, however, would likely depend upon the claims history of state employees and the extent to which these health plans already pay for the pertinent services. As to

any premium increase, the state has, under an agreement with the state employees, agreed to pay 93.5% of any increase in the total premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase.

[Note: Additional information has been requested of the health plans providing coverage to state employees concerning the benefits required by this bill. This fiscal note will be updated as additional data and information is obtained relating to the cost of the required coverages.]

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. Again, the actual impact on premium costs would depend upon the claims history of a local unit's employees and the extent to which that local unit's employee health plan already pays for the pertinent services. In addition, a premium increase resulting from the bill may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** Local Government Units and School Corporations.

**Information Sources:**